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SUBJECT: PUTIN AND GATES DOMINATE MUNICH SECURITY
CONFERENCE; AFGHANISTAN AND IRAN ALSO DISCUSSED

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SENSITIVE BUT UNCLASSIFIED.

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SUMMARY

11. (SBU) The February 9-11 43rd Munich Conference on Security Policy (formerly known as "Wehrkunde") on "Global Crises - Global Responsibilities" was dominated by differing visions of the Transatlantic role in global security. Chancellor Merkel, Secretary Gates, Senators McCain and Lieberman, and most other participants focused on the Transatlantic partnership as the key factor in confronting 21st Century challenges, a vision welcomed overwhelmingly by conference participants. Russian President Putin and Iranian National Security Council Chairman Larijani presented an alternate view of a world made increasingly unstable by "unipolar" action by the United States. Secretary Gates' disarming, pro-active, and non-confrontational rebuttal to Putin stressed the U.S. desire for effective multilateral responses to complex global challenges. For more information on the conference and links to speeches please visit <http://munich.usconsulate.gov/>

12. (SBU) On the margins of the conference, Secretary Gates met with Chancellor Merkel, Ukrainian President Yushchenko, Italian Defense Minister Parisi, German Foreign Minister Steinmeier and Defense Minister Jung, Australian Foreign Minister Downer and Indian National Security Advisor Narayanan. The ten-member CODEL Lieberman/McCain (SEPTEL) held meetings which included: the annual "Transatlantic Breakfast" hosted by German MFA State Secretaries Silberberg and Boomgaarden; a meeting with SPD Party Chairman and Rheinland-Pfalz Minister-President Beck; NATO Secretary General de Hoop Scheffer, and Australian Foreign Minister Downer. Deputy Treasury Secretary Kimmitt, Ambassador Timken, USNATO Ambassador

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Nuland, and EUR PDAS Volker also held conversations with a wide range of conference participants. Throughout many

sessions and meetings, U.S. participants emphasized the importance of success in Afghanistan, and the need for the Transatlantic and international community of democracies to carry through on their commitments.

End Summary.

ISRAEL TALKS OF THREATS IN THE GREATER MIDDLE EAST

¶3. (U) At Friday evening's welcome dinner, hosted by Conference President Horst Teltschik, Israeli FM Tsipi Livni ardently described the conflict in the Middle East as a "fight between the moderates and the radicals." Israel is committed to a two-state solution, provided the Palestinians acknowledge Israel's right to exist and renounce violence. She described Iranian ideology as a "real threat to the region and the world" and demanded the international community demonstrate resolve in dealing with this challenge. "Iran," said Livni, "is a regime which mocks the Holocaust while threatening the world with a new one." Finally, Livni urged the international community to do more to secure the Lebanese border with Syria to prevent the rearmament of Hezbollah.

MERKEL KICKS OFF WITH THEME OF SHARED RESPONSIBILITY

¶4. (SBU) German Chancellor Merkel's opening address on Saturday morning called for an integrated strategic approach to security policy to include civilian and military elements. Merkel lauded the primacy of NATO, but added that NATO's role in the 21st century should be integrated into a civilian-military network. Overall global areas of concern include issues such as the protection of the environment, energy security, and human

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development. Despite its problems, NATO is still the best forum for making decisions, and the Summit in Riga in November and the Ministerial in Seville last week demonstrate NATO's relevance in promoting freedom, security, and responsibility. The Chancellor then gave a rundown of regional conflicts and offered suggestions where only international and multilateral cooperation could lead to sustainable solutions.

¶5. (SBU) Merkel clearly stated that Iran must abide by UNSC and IAEA decisions -- "no ifs, ands or buts about it" -- or it will continue isolating itself. The international community remains firmly united behind UNSCR 1737, but also remains committed to the offer developed by the EU3 3 which would "assist the Iranian government to do what is right for the Iranian people." She remained cautiously hopeful that the first steps taken in Mecca would reduce violence in the Palestinian territories and lead eventually to a peaceful resolution of the Israeli-Palestinian situation. The Quartet's efforts will continue in this regard and the Chancellor called on the new unity government to abide by Quartet principles. Merkel also issued a stern warning to Syria's leadership not to underestimate the international community's commitment to defend Israel and Lebanon.

¶6. (U) Merkel expressed the European Union's readiness to take undertake its largest ever civilian ESDP mission in Kosovo. While the Ahtisaari proposal will be difficult and will probably take some time, the solution cannot be pushed off indefinitely. The EU remains committed to continuing discussions with Serbia to ensure that country moves forward. In the end, however, it is up to Kosovo and Serbia to determine which path each will take. Regarding Bosnia and Herzegovina, Merkel recommended keeping the office of the High Representative a little while longer. As a result of the sustained progress in Bosnia, the international military presence can be

reduced. However, Merkel spoke of her concern that a working constitution remains elusive.

¶7. (SBU) Merkel stressed that "cooperation between NATO, the EU and Russia will be important for the future of European security." Referring to the issue of U.S. missile defense radar in Poland and the Czech Republic, Merkel urged continued conversation with Russia despite strongly held and differing positions. Most importantly, Russia must demonstrate that it is a reliable partner in energy security.

¶8. (SBU) Merkel described NATO's ISAF operation in Afghanistan as a test for the alliance. While applauding visible successes such as the fact that girls are now allowed to go to school, Merkel warned that the Taliban will put NATO's determination to the test. For Merkel, Afghanistan is a good example for the integrated civilian-military approach. Merkel called for more civilian assets, but also urged that all elements need to be enhanced. She called on all allies to do everything they can to ensure the mission's success. Merkel concluded by urging conference participants not to be pessimistic about the future. She mentioned that Europe is much more stable than anybody would have imagined when she was young, and rhetorically asked why teenagers in Israeli and Palestine cannot hope to live side by side in peace in the future as well.

PUTIN DESCRIBES RUSSIA'S WORLD VIEW

¶9. (SBU) Using surprisingly frank words during his first visit to the Security Conference, Russian President Vladimir Putin criticized the West and the new "unipolar world," leading one conference participant to comment later that he hoped we had not seen the opening salvo in a second cold war. Putin criticized U.S. foreign policy, NATO and its enlargement, missile defense, and primarily the United States.

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¶10. (SBU) Speaking calmly, but forcefully, he claimed the U.S. had used its uncontested military might to create and exploit a unipolar world. Putin said that under U.S. dominance the world has become more destabilized and is seeing more wars and regional conflicts. The "almost uncontained hyper-use of force" and a disdain for the basic principles of international law drives countries to feel vulnerable, thus stimulating an arms race as these now-insecure countries turn to weapons, and even weapons of mass destruction, for security. He suggested that the only legitimate authority to authorize military force is the United Nations, and commented that NATO, the OSCE, and the EU, are not the UN, and should not be considered to have equivalent authority. Indeed, he said the OSCE had become a "vulgar instrument" of the U.S. Responding later to a question from Senator Jon Kyl, Putin noted that self-defense also was a legitimate justification for the use of force.

¶11. (SBU) Putin stressed Russian support for renewed dialogue on non-proliferation, adding that Russia continues to adhere to the NPT and criticized "the militarization of outer space" which he said could provoke another arms race. Putin also complained about how Russia, "which threatens no one," was continually being encircled by the NATO countries and questioned why a missile defense system was being suggested for basing in Poland, close to Russia's border.

¶12. (SBU) Bringing up the Treaty on Conventional Forces in Europe (CFE), Putin noted the adapted treaty had been signed seven years before, in 1999, yet only four states, including Russia, had ratified so far. Resurrecting the

usual argument against complaints that Russia had not met its obligations under the Istanbul Commitments, he claimed the Russian army is currently in the process of leaving Georgia, and while there remain 1,500 soldiers in Moldova, they are "carrying out peacekeeping operations and protecting warehouses with ammunition." Putin continued that the U.S. stationing of "...so-called flexible frontline American bases with up to five thousand men... on our borders" represents a much more serious matter. He asked rhetorically why NATO was expanding aggressively toward a non-threatening Russia.

¶13. (SBU) In arguing his point that Russia was a threat to no one, he claimed Russia's domestic system was open, and reported that foreign companies participate in all major Russian energy projects (up to 26 percent of oil extraction in Russia is done with/by foreign investment). He also claimed that inward investment to Russia outnumbers outward Russian investment by a factor of fifteen to one. Putin concluded his lecture by complaining that Russia is called to play an increasing role in the world, yet with a thousand years of history as a nation, hardly needed advice on how to act independently on the global scene. In the Q and A session he praised Russian freedoms by noting that the political spectrum in Russia allowed for both the Communist Party and Vladimir Zhirinovskiy's LDPR, and claimed there was no basis to reports of suppression of NGOs. He also seemed to back off a bit from his earlier harshness by describing President Bush as a decent man and someone he could do business with. Putin underscored Russian opposition to Iran obtaining nuclear weapons.

EU EXPANSION, EU SKEPTICS

¶14. (U) During the first panel discussion, which questioned whether the EU was indeed a regional model for peace, security, and welfare as it nears its 50th anniversary, Toomas Ilves, President of Estonia, responded with a resounding yes. Ilves expressed concern, however, that expansion fatigue among certain states, including new members, could limit opportunities in the middle term to admit new members. He also strongly chastised, in the

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presence of Austrian FM Ursula Plassnik, Austria and France's requirement for popular referenda prior to admitting new member states.

¶15. (U) Ilves noted that while the States on Europe's borders were mainly democratic, the danger of backsliding would remain. The EU perspective remains the only deal in town and the Neighborhood Policy is just not enough. He concluded by expressing surprise at Putin's remarks, which had suggested the expansion of European democracies to Russia's border was considered to be threatening.

¶16. (U) Ukrainian President Viktor Yushchenko warned that the EU itself should not become the loudest Euro-skeptic. He said Europe was internationally unique, and Ukraine wanted to be a part of it. He reminded the audience how Ukraine had shown responsibility by voluntarily giving up possession of its nuclear weapons following the collapse of the former Soviet Union. Ukraine remains interested in developing partnerships with the EU on energy policy that would focus on energy security, transparency, and the safeguarding of transit countries' legitimate interests.

¶17. (SBU) Kurt Beck, Chairman of Germany's Social Democratic Party (SPD) (the likely challenger to Angela Merkel in the next election and a foreign affairs neophyte), stated that Europe was a global example of stability and economic prosperity. Beck welcomed Putin's openness. He also suggested Turkey deserves a realistic opportunity to join the EU, noting Turkey could act as a

bridge between Europe and the Muslim world. Referring to the Non-Proliferation Treaty, Beck repeated a common SPD theme that nuclear powers should hasten nuclear disarmament. Beck described Iran's behavior on the nuclear issue as unacceptable.

¶18. (U) Austria's FM Plassnik praised Europe as an outstanding example of "applied multilateralism" and that the European model has proven that management of diversity was possible. She reiterated a main theme of Austria's recent EU Presidency: that the Balkan states needed clear guidelines for accession. However, she said, the EU now has nearly a half billion "stakeholders" and they need to be listened to when looking toward the future of EU expansion and internal development.

NATO IN THE AGE OF GLOBAL CHALLENGES

¶19. (U) During the second panel discussion, NATO Secretary General Jaap de Hoop Scheffer, referring to the conference as the Munich Reality Check, sounded a positive note while citing key successes that had been achieved by NATO since their 50th Anniversary in 1999. NATO today is a better and more effective organization, he said. He added that NATO's greatest challenge remains Afghanistan and more development and reconstruction assistance needs to be directed there. He also called on all partners to remove caveats on their ISAF contributions.

¶20. (U) The SYG stated that partnership is a force multiplier, and while Putin's remarks earlier were, "not helpful," Russia was a partner and the NATO-Russia Council added value for both NATO and Russia. NATO enlargement has brought democracy and the rule of law closer to Russia's borders; this is good for Russia as well as NATO. He continued that by NATO's 60th anniversary in 2009 he hoped there would be a fully integrated training and equipping program for the Afghan army; NATO would have at least one more member and Serbia should be on the road to NATO membership; there would be closer relationships with Ukraine and Georgia; civil efforts would be better integrated; and there would be a true strategic partnership with the EU. In concluding, de Hoop Scheffer said security isn't cheap, stating "you get what you pay for," and urging member countries to do more to reach their defense budgetary goals of two percent of GDP.

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¶21. (U) German DefMin Jung's speech closely followed the themes of Chancellor Merkel's integrated approach to security policy although he placed greater emphasis on non-NATO forums and fields of Transatlantic cooperation, including global warming and energy. He added that organizations and actors should avoid duplication of efforts and maintained that those best suited to achieve a goal should focus in that area, mentioning NATO, the EU, the UN, and other state and non-state actors. He stressed that an integrated civilian/military approach is necessary in Afghanistan, adding that NATO did not go there as an occupier, but rather as a liberator. While acknowledging differences between the north and west versus the south and east in that country, Jung pointed to NATO's combined responsibility and Germany's part in this effort, including hosting the JCMB meeting in Berlin on January 30 and 31.

¶22. (SBU) Senator John McCain, continuing to discuss Afghanistan, spoke out against national caveats stating that "multilateral operations cannot tolerate unilateral limits and still be successful." He called on Germany to increase its police training efforts beyond current plans, leading to much commentary among German participants, and urged the EU to match America's pledge of \$10 billion over the next two years to support Afghan reconstruction and

development. McCain focused on drug eradication, eliciting a follow-on commentary from Sergio Jaramillo, Deputy Minister of Defense in Colombia, about the need for an effective comprehensive strategy to stop the scourge of illicit drug production before it gets out of control.

¶23. (SBU) McCain then shifted gears to counter some of President Putin's commentary from earlier in the day. He said he hoped Serbia could look forward to Euro-Atlantic integration and urged Russia to back the efforts of moderates in Serbia. Senator McCain countered Putin's claim that power was too concentrated in the US by stressing that power centers exist on every continent, and that the US didn't win the Cold War on its own. McCain hopes that Russia will not become more autocratic, as recent events would indicate, and said the alliance will remain an active, not reactive, force in global affairs.

¶24. (U) Australian Minister of Foreign Affairs Alexander Downer highlighted his country's long-standing belief in political freedom and democracy and discussed why the Global Partnership with NATO makes sense. He praised Japan for its efforts in Afghanistan, eliciting applause from conference participants, and urged Turkish integration into the EU based on its continuous efforts within the NATO alliance, eliciting loud murmurs from German parliamentarians and a stark rebuke from French Parliamentarian and presidential candidate Pierre Lellouche.

DIFFERING VIEWS ON THE WAY FORWARD -----

¶25. (SBU) The third panel discussion entitled "Peace in the Greater Middle East; A New Approach?" began with an impassioned speech by Mian Khurshid Mahmud Kasuri, Pakistani Minister of Foreign Affairs, who passionately defended his country against accusations of a lack of commitment in the fight against terrorism. Kasuri listed Pakistani measures taken to support Afghanistan and to prevent the infiltration of Taliban fighters, noting that 1,000 border posts had been established, hundreds of Taliban had been apprehended and turned over to Afghanistan, and biometric identification and other measures were being introduced, as well as socio-economic programs added in the border region.

¶26. (U) Kasuri cited UN reports that the Taliban's main recruitment sources were located in Afghanistan, and not Pakistan, and said the causes for Afghanistan's instability were the failures of the Afghan government and the coalition forces. "It is clear" said Kasuri "that

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Pakistan has every reason to wish for a stable neighbor." He recommended not just expanding military measures, but reconstruction efforts as well, suggesting "some kind of a Marshall Plan for Afghanistan," and offered a list of specific suggestions for ISAF.

¶27. (U) Zalmi Rassul, National Security Adviser of Afghanistan, thanked participants for bringing his country into the community of democratic nations. He said progress had been achieved in implementing the principles of good governance, and asked for patience, noting that for the first time in its history, his country had an elected government. Rassul reported Afghanistan is expanding initiatives to counter the activities of the insurgents, especially economic and educational programs. He specifically called for greater assistance to protect schools and eradicate opium production. Rassul also thanked Pakistan for its support but doubted Kasuri's earlier statement that Taliban recruitment took place mainly within Afghanistan's borders.

¶28. (U) Sir Menzies Campbell, Liberal Democrat leader in

the British House of Commons, criticized US and coalition results in Iraq, saying that four years after the fall of Saddam Hussein, Iraq was showing all the symptoms of a failed state, with coalition forces now being a focus for resentment rather than a force for containing internal conflict. To avoid further escalation of conflict in the region, Campbell said the immediate threat of civil wars in Iraq, Lebanon and the Palestinian regions needs to be averted. In the medium term, Iran needs to be brought back into the international community of nations. Finally, the long-term goal of peace in Iraq requires a multilateral peace process with the UN in the lead. He suggested four main elements: (1) establishment of an international contact group for closer involvement by Iraq's neighbors, including Iran; (2) a strategy on disarmament, demobilization, and reintegration of the militias in Iraq; (3) enhanced measures to train, equip, and professionalize the Iraqi security forces; and, (4) a time-limited program for phased withdrawal of all coalition forces from Iraq.

¶29. (U) Javier Solana, High Representative of the European Union, who was originally scheduled to speak first, disregarded his prepared text, and merely stated he agreed with Chancellor Merkel's remarks from earlier in the day, and added that more support should be provided to the Lebanese government. Following his comments, the conference day concluded and participants departed for the Munich Residenz where Dr. Solana was awarded a medal for his efforts to find peace through dialog.

GATES AND STEINMEIER DISCUSS
TRANSATLANTIC RELATIONSHIP IN 21ST CENTURY

¶30. (U) Secretary Gates opened the final day of the conference with a speech that elicited applause and sympathy from the audience. He turned aside Putin's attacks of the day before, saying "as an old Cold Warrior, one of yesterday's speeches almost filled me with nostalgia for a less complex time. Almost. Many of you have backgrounds in diplomacy or politics. I have, like your second speaker yesterday, a starkly different background - a career in the spy business. And, I guess, old spies have a habit of blunt speaking. However, I have been to re-education camp, spending four and half years as a university president and dealing with faculty." He later referred to Russia as an important partner in many areas, including the conflicts with Iran and the DPRK, and noted that he would take up the invitation from Putin and Defense Minister Ivanov to visit Russia. Gates went on to describe himself as a realist and to discuss his long-standing interest in the security of Europe and opined that totalitarianism was defeated as much by ideas as by tanks. That same fight needs to be taken now to combat violent fundamental extremists who combine "new

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technologies with old hatreds." The Alliance, therefore, must continue the process begun following the end of the Cold War to modernize itself and maximize its opportunities through expansion and the Global Partnership program.

¶31. (U) NATO is not a "paper membership" stressed Gates, while chastising those who do not do all they can to fulfill our collective commitment. With 26 democracies in NATO, and two million people in uniform, Gates declared it was a mark of shame if they could not raise sufficient troops to get the job done in Afghanistan. It is far better to incur the costs of challenges, stressed Gates, than suffer the alternatives. When later asked about Iraq, Gates replied that if we fail, all Alliance members will feel the consequences. Only by working together can we protect our shared values and interests, and our cooperation must continue and deepen, wherever the fight

may take us. In conclusion, SecDef rallied the Allies with a reference to General George Washington who stated that "perseverance and spirit have done wonders in all ages," to which Gates added his own watchword: unity.

¶32. (SBU) When questioned about U.S. credibility and Guantanamo Bay, Gates responded that there is no question that Guantanamo and the abuses in Iraq have negatively impacted the U.S. reputation. Mistakes were made, and we also need to explain our positions better. While America may occasionally do something wrong, he said we remain a force for good in the world.

¶33. (SBU) For Steinmeier, the transatlantic partners have a common responsibility for the world's future, not only to deal with current challenges, such as terrorism and failing states. Without explicitly referring to the Iran nuclear program, Steinmeier said that transatlantic partners not only have to rely on military strength, but also on credibility, intercultural competence and the readiness for a dialogue. Steinmeier added that these virtues make the transatlantic partners more convincing in the promotion of interests and values. The changes of the global world order (the rise of China and India, as well as the challenges of climate change, energy, and the environment) required a renewal of the transatlantic partnership. Steinmeier was skeptical that NATO was the right place to discuss issues such as energy and climate change; a strengthened U.S. - EU partnership would complement efforts at NATO.

¶34. (SBU) Steinmeier stated that Germany had proposed a closer transatlantic economic partnership, and this will be an important issue at the next U.S.-EU summit. He added that TEP is not intended to weaken the WTO. Steinmeier also suggested transatlantic cooperation on energy security and climate protection. Europe and America should cooperate on the development of new technologies which protect the environment. Like his party chairman Kurt Beck, FM Steinmeier urged the nuclear powers to make a new push for further nuclear disarmament in an effort to help prevent other states from pursuing nuclear weapons.

¶35. (SBU) Rounding out the panel, Czech FM Karel Schwarzenberg said Putin had provided the best argument yet in favor of NATO enlargement and emphasized several times during his speech that there is no alternative to NATO. He also defended cooperation with the US on missile defense and described it as a purely bilateral issue between the US and his country. This could provoke some reaction from other European partners, as the system has ramifications beyond the two countries' borders.

LARIJANI STAYS ON IRANIAN MESSAGE

¶36. (SBU) Following an on-again off-again commitment to provide his views on security in Middle East, Iranian Secretary of the Supreme National Security Council Ali

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Larijani stuck mainly to his well-worn script of Iranian reasons for ignoring the EU3 3 offer and continuing on its path as a nuclear power, including the history of US abuses in his country and the region. He went on to express surprise that the "defamatory campaign against the Prophet Mohammed" is defended by western governments.

¶37. (U) Switching his focus to Iraq and Afghanistan, Larijani described Iranian intentions and actions in those countries as beneficial. According to him, those provinces in Iraq which border Iran enjoy stability, partially because there are no American troops present.

Despite the fact that Iran suffered greatly at the hands of the then US-supported Saddam regime, Iran was opposed to the war from the outset. In Afghanistan, Larijani expressed dismay that Iranian efforts to fight drug trafficking was met with American labeling Iran as part of the evil axis.

¶38. (U) Larijani concluded that Iran's military programs are strictly defensive in nature, that Teheran harbors no ill-will toward any of its neighbors, and that international double standards have caused instability and misunderstanding in the region. Asserting Iran's nuclear program is peaceful, Larijani claimed readiness to continue efforts with the IAEA to answer any and all questions placed to it. In response to questions, Larijani defended the Iranian form of democracy by stating that "democracy cannot be imposed from abroad" and that indigenous values, in this case Islamic values, must be included.

AN INTEGRATED APPROACH TO FIGHTING INTERNATIONAL TERRORISM

¶39. (U) The final panel of the conference on international terrorism and asymmetric warfare was begun by Russian Deputy Prime Minister and Minister of Defense Sergey Ivanov, who, in a much more relaxed manner than his President the day before, stated that a legal definition of terrorism is badly needed and called on the conference to hold such a panel on the topic in the future. He noted that his government had made the war or terrorism a focus of the 2006 G-8 St. Petersburg Summit. Ivanov went on to discuss how the western war on terror is a struggle not against a military threat, but against an asymmetric technique. Armed military force will not be effective alone but will require civil involvement. Ivanov said there was only one clear solution - stabilization and extradition of terrorists for prosecution. He repeated Putin's call for UN Security Council legitimacy for any military action and declined to discuss Chechnya. Ivanov used the question and answer session to defend Putin's controversial remarks earlier in the conference, noting that Russia's relations with the U.S. and Europe were mature and the two sides could afford to be candid. He stated that Russia would not accept multilateral decisions that are imposed on it that it was not involved in formulating.

¶40. (U) Senator Joseph Lieberman echoed said that the war on terror was a struggle of ideas, and when ideas clash, the results are often unpredictable. He noted that the physical threat itself seemed to be asymmetrically moving around us. Responding traditionally would be misguided and self-defeating, Senator Lieberman said. Success would require bold new ideas. The successful transformation of NATO could be a guide for new approaches to global security.

¶41. (SBU) Recognizing that the war in Iraq has created much disagreement with and within America, Senator Lieberman noted the high price that failure would entail. Regardless of how the war in Iraq began, failure would simply be unacceptable, with profound consequences for our interests and those of America's allies and friends. He concluded by noting that while America, like any country, or any person, is not perfect, and certainly capable of

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making mistakes, we remained committed to our principles, as embodied in our Declaration of Independence, and always tried to return to them.

¶42. (SBU) Indian National Security Advisor M. K. Narayanan opened his remarks by noting that he -- like both Russian President Putin and U.S. Secretary of Defense Gates -- had a background as an intelligence officer. Diverging from

his prepared remarks, Narayanan then gave his perspectives on global terrorism in a noticeably calmer style than that of his Pakistani counterpart from the day before. Narayanan noted that the importance of international cooperation in combating global terrorism is essential. Terrorism is now more lethal and widespread with the adoption of 'suicide' tactics, the availability of modern instruments, and global communications. He continued that the most significant tools the terrorist have are safe havens from which to recruit and conduct operations. He then proceeded to offer "evidence" of such a safe sanctuary being available for the Taliban in Pakistan (unnamed but clearly recognizable). He concluded by discussing how money laundering and the underground banking system facilitate terrorism.

¶43. (U) Chinese Deputy Minister of Foreign Affairs Zhang Yesui diverged from the theme of the session and spoke briefly of China's role in the international community, noting more than 6,000 Chinese soldiers, police, and technicians had participated in UN peacekeeping operations in Congo, Liberia, Sudan, and Congo. He said China "can and should" be a contributing partner in the global community. He added that China was against the proliferation of nuclear weapons and was a strong supporter of the Six-Party talks currently ongoing in Beijing.

¶44. (U) Deputy Secretary of the Treasury Robert Kimmitt concluded the session and the conference noting that finance ministries have become core security ministries. He described the importance of using the tools in the financial system to disrupt terrorist finance. Kimmitt hailed UNSCR 1718 and 1737 for imposing financial sanctions against North Korea and Iran and suggested that financial measures could be effective against the Taliban as well. He expressed his hope that terror finance would be again taken up as a topic in the future.

¶45. (U) This report was coordinated by Embassy Berlin. For additional information, please contact Thomas Kelsey or Kenneth Kero.

¶46. (U) Previous reporting from Munich is available on our SIPRNET website at www.state.sgov.gov/p/eur/munich/.
NELSON